



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

25 Sigourney Street
Hartford CT 06106-5032

SN 2001(4)

SPECIAL NOTICE

Exemptions From Admissions Tax

Purpose: This Special Notice describes the exemptions from admissions tax, including those exemptions enacted in the 2000 legislative session. This Special Notice also describes changes to the exemption for admissions charges to the stadium facility at Rentschler Field and in the tax rate for admissions to motion picture shows.

Effective Date: Upon issuance, except the effective dates for the 2000 legislation as noted below.

Statutory Authority: Conn. Gen. Stat. §12-541, as amended by 2000 Conn. Pub. Acts 140, §25 and 2000 Conn. Pub. Acts 170, §16.

Exemptions From Admissions Tax: An admissions tax of 10% is imposed on the admission charge to any place of amusement, entertainment, or recreation, including, but not limited to theaters, motion picture shows, amusement parks, fairgrounds, racetracks, dance halls, ball parks, and golf courses. For a more comprehensive list, see Conn. Gen. Stat. §12-540(3). The "admission charge" does not include any charge for instructions.

The admissions tax does not apply to:

- Charges of less than \$1.
- Charges for motion picture shows costing \$5 or less. (Effective July 1, 2001, the admissions tax rate on motion picture shows costing more than \$5 was reduced to 6%).
- Daily charges entitling patrons to participate in an athletic or sporting activity. Charges that qualify for this exemption include, but are not limited to: daily or hourly charges for hitting balls at a batting cage, golf cage, or range and daily greens fees at commercially operated golf courses; hourly or daily charges at any commercially operated ice or roller skating rinks; and hourly charges for open time at commercially operated tennis and racquetball courts. However, health clubs are excluded from the definition of places of amusement, entertainment, and recreation and thus are

excluded from the admissions tax. (See **Policy Statement 2001(11)**, *Admissions Tax Exclusion for Health Clubs*.)

- Charges to any event at the Hartford Civic Center, New Haven Coliseum, New Britain Beehive Stadium, New Britain Stadium, New Britain Veterans Memorial Stadium, Bridgeport Harbor Yard Stadium, Stafford Motor Speedway, Lime Rock Park, Thompson Speedway, Waterford Speedbowl, facilities owned or managed by the Tennis Foundation of Connecticut or any successor organization, the William A. O'Neill Convocation Center, or the Connecticut Exposition Center.
- Games of the New Britain Rock Cats, New Haven Ravens, or Waterbury Spirit.
- Charges to any production featuring live performances by actors or musicians presented at Gateway's Candlewood Playhouse, Ocean Beach Park, or any nonprofit theater or playhouse in Connecticut, provided the theater or playhouse possesses evidence that confirms exemption from federal tax under Internal Revenue Code §501.
- Charges to any carnival or amusement ride. *Carnival* means a traveling amusement show. *Amusement ride* means, for the purposes of the admissions tax, a ride that is confined to a restricted area or to a definite enclosure. Examples of amusement rides include, but are not limited to: pony rides, miniature autos or trains, ferris wheels, whips, merry-go-rounds, water slides, paddle boats, and tethered balloon rides. **Note:** When one price is charged that includes admission to the place of amusement and admission to all rides, the entire amount is taxable *unless* the admission to the place of amusement is exempt from the tax. For example, if an amusement park charges one price for admission to the park and the price includes admission to all rides, the total cost of admission is taxable. However, if the amusement park separately charges for the park and the rides, only the charge for admission to the park is taxable.
- Effective July 1, 2000, charges that would have been subject to the cabaret tax under Conn. Gen. Stat. §12-542, which was repealed in 1999, are exempt

from admissions tax. This exemption applies to charges to rooms in places where music, dancing privileges, or any other entertainment is provided to patrons in connection with the serving or selling of alcoholic beverages.

- Charges to events paid for by centers of service for the elderly. The exemption does not apply to charges to the stadium facility at Rentschler Field.
- Charges to events where all the proceeds are paid exclusively to an entity that is exempt from federal income tax under the Internal Revenue Code, if the entity actively engages in and assumes the financial risk associated with presenting the event. The exemption does not apply to charges to the stadium facility at Rentschler Field.
- Charges to events conducted primarily to raise funds for federally exempt organizations (See *Events Conducted Primarily to Raise Funds for Federally Exempt Organizations* below for details on qualifying for this exemption). The exemption does not apply to charges to the stadium facility at Rentschler Field.

Events Conducted Primarily to Raise Funds for Federally Exempt Organizations:

To qualify for the exemption from the admissions tax for charges to events conducted primarily to raise funds for federally exempt organizations under Conn. Gen. Stat. §12-541(4), a taxpayer must follow a two-step procedure.

Step one: **Three weeks before the event**, the taxpayer must submit to the Department of Revenue Services (DRS) in writing the date and location of the fundraising event and the name of the exempt organization(s) for which the fundraiser is being held. After reviewing the information, DRS will issue a conditional exemption letter, if applicable.

Step two: Taxpayers must furnish to DRS no later than **30 days after the event** is held:

- A copy of the federal determination letter for the nonprofit organization for which the fundraiser was held stating that the organization is exempt from federal income tax under the Internal Revenue Code; **and**
- A financial statement showing the income and distribution of income and profit from the fundraising event.

DRS will review the financial statement and issue a letter of exemption for the event if the amount of net profit given to the exempt organization exceeds the amount of tax that would have been charged.

DRS will issue a letter of exemption if the taxpayer submits the documentation requested and the documentation supports the requirements of Conn. Gen. Stat. §12-541(4). If the required documentation is not submitted, DRS may subject the taxpayer to an assessment of the tax under Conn. Gen. Stat. §12-548 and penalties under Conn. Gen. Stat. §12-551.

Effect on Other Documents: This Special Notice supersedes **Special Notice 94(7)**, *Exemptions from Admissions Tax*, and **TSSN-01**, *Admissions Tax Exemptions*.

Effect of This Document: A Special Notice is a document that announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS and may be referred to for general guidance by taxpayers or tax practitioners.

For Further Information: Please call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day by calling 860-297-4911.

Forms and Publications: Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **www.drs.state.ct.us**
- **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.